

Message Text

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PAGE 01 EC BRU 08011 151859Z

62

ACTION EUR-12

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COME-00 EB-06 FRB-01 INR-07 NSAE-00 RSC-01 CIEP-02

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INFO AMAMEBASSY BONN 1356

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AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

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AMCONSUL STRASBOURG

USMISSION GENEVA

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TAGS: EEC, ECON, US

SUBJECT: EUROPEAN PARLIMENT AND EC VICE PRESIDENT HAFERKAMP ON THE
ECONOMIC SITUATION IN THE COMMUNITY

REF: EC A-292, SEPTEMBER 25, 1974

1. BEGIN SUMMARY: THE EUROPEAN PARLIMENT HAS APPROVED THE DRAFT
ANNUAL REPORT ON THE ECONOMIC SITUATION IN THE COMMUNITY WHICH WILL
BE CONSIDERED BY THE COUNCIL ON OCTOBER 21. IN REMARKS FOLLOWING
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PAGE 02 EC BRU 08011 151859Z

THE DEBATE, EC COMMISSION VICE PRESIDENT HAFERKAMP WAS OUTSPOKEN IN

HIS PRAISE OF THE US, BOTH FOR THE BALANCE IN PRESIDENT FORD'S ANTI-INFLATION PROGRAM AND FOR THE EXCELLENCE OF THE CONSULTATIVE PROCESS ATTENDING IT: FULL CONSULTATIONS PRIOR TO ADOPTION OF THE PROGRAM AND THE EBERLE VISIT. END SUMMARY.

2. THE EUROPEAN PARLIMENT IN PLENARY SESSION ON OCTOBER 15 APPROVED WITH ONLY ONE NEGATIVE VOTE A RESOLUTION PROPOSED BY THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS WHICH AMONG OTHER THINGS APPROVED THE ANALYSIS AND THE FORECAST CONTAINED IN THE DRAFT ANNUAL REPORT ON THE ECONOMIC SITUATION IN THE COMMUNITY. THE DRAFT REPORT HAD BEEN SUBMITTED BY THE EC COMMISSION TO THE COUNCIL ON SEPTEMBER 20, 1974 AND WAS FORWARDED BY THE COUNCIL TO THE PARALIMENTFOR ITS OPINION ON SEPTEMBER 26. IT IS NOW SCHEDULED TO BE CONSIDERED BY THE COUNCIL AT ITS MEETING ON OCTOBER 21. THE DOCUMENT CONTAINS BOTH GENERAL GUIDELINES AND SPECIFIC GUIDELINES FOR THE MEMBER STATES IN THE FIGHT AGAINST INFLATION AND LAGGING ECONOMIES.

3. IN ADDITION TO APPROVING THE COMMISSION'S REPORT ON THE ECONOMY, THE RESOLUTION CALLS FOR: INCREASED COORDINATION OF NATIONAL POLICIES, NEW MEANS FOR RECYCLING CAPITAL BEING ACCUMULATED BY CERTAIN RAW MATERIAL-PRODUCING COUNTRIES (NO MENTION OF THE ARABS), A SCHEME FOR SETTING UP COMMUNITY MACHINERY FOR ISSUING COMMUNITY LOANS ON THE INTERNATIONAL CAPITAL MARKETS ON THE UNDERSTANDING THAT RECIPEINT COUNTRIES WOULD ACCEPT ECONOMIC POLICY CONDITIONS LAID DOWN BY THE COMMUNITY, COMMUNITY (NOT BILATERAL) MONETARY SUPPORT MEASURES FOR MEMBER COUNTRIES WITH BALANCE OF PAYMENTS DEFICITS, SUPERVISION OF THE EURO-CURRENCY MARKET TO ENSURE MORE OPENNESS, AND GREATER HARMONIZATION OF PROVISIONS RELATING TO CAPITAL MOVEMENTS.

4. IN THE DEBATE ON THE RESOLUTION, MOST SPEAKERS EMPHASIZED THE NEED FOR MORE COMMUNITY ACTION. A SOMEWHAT DISCORDANT BUT PERHAPS MORE REALISTIC NOTE WAS INJECTED BY LORD O'HAGAN, A YOUNG AND INDEPENDENT INDEPENDENT WHO ENDORSED THE RESOLUTION BUT WONDERED ALOUD WHETHER IT WOULD HAVE A SIGNIFICANT IMPACT ON THE COUNCIL.

5. IN REMARKS FOLLOWING THE DEBATE, EC COMMISSION VICE
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PAGE 03 EC BRU 08011 151859Z

PRESIDENT HAFERKAMP REITERATED THE NEED FOR CLOSER ALIGNMENT OF THE ECONOMIC AND MONETARY POLICIES OF THE MEMBER STATES. HE EMPHASIZED THE IMPORTANCE OF DEALING HONESTLY WITH THE PUBLIC. HE SAID THEY SHOULD BE INFORMED THAT THE GOODS AND SERVICES REQUIRED TO PAY FOR THE INCREASED OIL PRICES WOULD FORCE A SUBSTANTIAL REDUCTION OF DOMESTIC CONSUMPTION. HAFERKAMP WAS WARM IN HIS PRIASE OF PRESIDENT FORD'S ECONOMIC PROGRAM WHICH HE DESCRIBED AS STRIKING A GOOD BALANCE BETWEEN

MEASURES TO COMBAT INFLATION AND MEASURES TO STIMULATE THE
ECONOMY. HE PARTICULARLY APPRECIATIVE OF THE CONSULTATION
THAT ACCOMPANIED THE FORMULATION PERIOD AND OF COURSE THERE WAS THE
EBERLE VISIT IMMEDIATELY FOLLOWING THE PROGRAM'S ANNOUNCEMENT.
GREENWALD

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